

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS

RICHARD SEEKS, individually and on behalf
of all others similarly situated,

Plaintiff,

v.

THE BOEING COMPANY, DENNIS A.
MUILENBURG, and GREGORY D. SMITH,

Defendants.

No. _____

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

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Plaintiff, Richard Seeks, by and through his attorneys, alleges in this Complaint against The Boeing Company (“Boeing” or “the Company”) and certain of its current executives, upon personal knowledge as to himself and upon information and belief as to all other matters, based upon the investigation conducted by and through his attorneys, which included, among other things, a review of documents filed by Defendants (as defined below) with the United States Securities and Exchange Commission (the “SEC”), conference call transcripts, news reports, press releases issued by Defendants, and other publicly available documents, as follows:

I. SUMMARY OF THE CASE

1. This is a federal securities class action on behalf of all investors who purchased the securities of Defendant Boeing between January 8, 2019 and March 21, 2019, inclusive (the “Class Period”) alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”), 15 U.S.C. §§ 78(j)(b) and 78t(a) and Rule 10b-5 promulgated thereunder by the SEC, 17 C.F.R. § 240.10b-5.

2. Throughout the Class Period, Defendants effectively put profitability and growth ahead of airplane safety and honesty. As alleged more fully below, throughout the Class Period Defendants misled investors about the sustainability of Boeing’s core operation – its Commercial Airplanes segment – by touting its growth prospects and profitability, raising guidance, and maintaining that the Boeing 737 MAX was the safest airplane to fly the skies. Boeing made these statements all while concealing the full extent of safety problems caused by the placement of larger engines on the 737 MAX that changed the handling characteristics of the 737 MAX from previous models. These handling characteristics included the danger of the increased pitch-up tendency of the aircraft, that required special safety features, some of which Boeing installed only as “extras” or “optional features.” Boeing hide from investors and passengers that it prepared its own reports and statements to the FAA certifying its planes as safe to fly and that

these statements and reports were undermined by Boeing's conflicts of interest in having been delegated authority by the Federal Aviation Administration ("FAA") to examine, test, and help certify its own planes and to provide the safety analysis for the 737 MAX. This certification included Boeing's new flight control system (known as Maneuvering Characteristics Augmentation System or "MCAS"), which Boeing installed quietly to compensate for the increased pitch-up tendency of the 737 MAX caused by engineers having to find a way to fit a much larger engine under the wing of the 737's notoriously low riding landing gear, rather than taking the more costly approach of properly designing a new aircraft as Boeing had originally planned. The existence of the MCAS system caught pilots and labor unions off-guard as the system was not even mentioned in the flight crew operations manual (FCOM). Boeing, and the passenger airlines, also hid the fact that Boeing withheld necessary safety features from the Boeing 737 MAX unless airlines purchased them as "extras" or "optional features" in order to keep the price down to compete with Aerobus.

3. On October 29, 2018, shortly after takeoff, Lion Air Flight 610 crashed, killing all aboard. The airplane was a Boeing 737 MAX jet. In November 2018, after the Lion Air crash, Defendants maintained (a) "[w]e are confident in the safety of the 737 MAX", (b) "[s]afety remains our top priority and is a core value for everyone at Boeing," and (c) "[a]s our customers and their passengers continue to fly the 737 MAX to hundreds of destinations around the world every day, they have our assurance that the 737 MAX is as safe as any airplane that has ever flown the skies."

4. Then, on March 10, 2019, shortly after takeoff, Ethiopian Airlines Flight 302 crashed, killing all aboard. The airplane was also a Boeing 737 MAX jet. Widespread reports in

the following weeks indicated that both the Ethiopian Airlines and the Lion Air planes had experienced problems related to the MCAS system affecting the angle of the aircraft's nose.

5. As news of the crashes unfolded, investigations into their causes, worldwide grounding of 737 MAX airplanes, Federal criminal and other investigations, and order cancellations soon followed, and the price of Boeing shares plummeted from their high of about \$440 during the Class Period to about \$372 on March 21, 2019, damaging investors.

6. In contrast to Defendants' safety-related and other statements, reports have since surfaced that suggest Boeing and its executives were well aware that some 737 MAX airplanes lacked all the possible safety features available because they were sold separately. Notably, shortly after the Lion Air crash, one executive reportedly told the American Airlines pilot union that their pilots wouldn't experience the problems that doomed that flight because American bought additional safety features.

7. On April 5, 2019, *Reuters* reported that Boeing announced that it planned to cut its monthly 737 aircraft production by nearly 20 percent in the wake of the two deadly crashes, signaling it does not expect aviation authorities to allow the plane back in the air anytime soon.

8. The following chart shows the reaction of the stock market to Defendants statements throughout the class period compared to the S&P 500, and the step decline as the truth began to emerge with the Ethiopian Air crash:



II. JURISDICTION AND VENUE

9. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

10. Venue is proper in this Judicial District pursuant to Section 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1391(b). A substantial part of the conduct complained of herein, including the dissemination of materially false and misleading information to the investing public and the omission of material information, occurred in this District. In addition, The Boeing Company is headquartered in this District.

11. In connection with the acts, conduct, and other wrongs alleged herein, Defendants directly or indirectly used the means and instrumentalities of interstate commerce, including, without limitation, the U.S. mails, interstate telephone communications, and the facilities of the national securities exchange.

III. PARTIES

12. Plaintiff Richard Seeks, as set forth in the accompanying certification, incorporated by reference herein, purchased Boeing securities during the Class Period, and suffered damages thereby.

13. Defendant The Boeing Company (“Boeing”) is organized in Delaware with its principal executive offices located in Chicago, Illinois. Its common shares trade on the New York Stock Exchange under the ticker “BA.”

14. Defendant Dennis A. Muilenburg (“Muilenburg”) was Boeing’s Chairman, President, and Chief Executive Officer at all relevant times.

15. Defendant Gregory D. Smith (“Smith”) was Boeing’s Chief Financial Officer and Executive Vice President of Enterprise Performance & Strategy at all relevant times.

16. The defendants listed in paragraphs 13 - 15 are collectively referred to as “Defendants.”

IV. SUBSTANTIVE ALLEGATIONS

A. Background

17. Boeing, together with its subsidiaries, is one of the world’s major aerospace firms. The Company is organized based on the products and services it offers and operates in four reportable segments: (a) Commercial Airplanes (“BCA”); (b) Defense, Space & Security (“BDS”); Global Services (“BGS”); and, Boeing Capital (BCC”).

18. The BCA segment develops, produces and markets commercial jet aircraft and provides fleet support services, principally to the commercial airline industry worldwide. This segment is a leading producer of commercial aircraft and offers a family of jetliners purportedly designed to meet a broad spectrum of global passenger and cargo requirements of airlines.

19. The commercial jet aircraft market and the airline industry are extremely competitive. Boeing faces aggressive international competitors who are intent on increasing their market share, such as Airbus and other entrants from Russia, China and Japan. Boeing's main competition in the narrow body 737 family of commercial airplanes is Airbus.

20. At all relevant times during the Class Period, Boeing's BCA segment was a core operation. During Boeing's fiscal year ended December 31, 2018, the Company reported revenues attributable to the BCA segment in the amount of \$60.7 billion, which comprised about 60% of the Company's \$101.1 billion revenues. This segment delivered 111 737 MAX airplanes in Q4 2018 (or roughly 46% of total deliveries). Accordingly, the BCA segment, particularly its 737 program, was the main part of Boeing's competitive and growth strategy. Muilenburg stated he viewed the program as requiring "a clear and consistent focus," and Smith acknowledged it as a "key focus area."

21. On October 24, 2018, Defendants filed Boeing's Q3 2018 Form 10-Q. Within the Commercial Airplanes Business Environments and Trends section, Defendants stated:

737 Program

The accounting quantity for the 737 program increased by 200 units during the first quarter of 2018 and 200 units during the second quarter of 2018 due to the program's normal progress of obtaining additional orders and delivering airplanes. We delivered the first 737 MAX 9 in March 2018. The production rate increased from 47 per month to 52 per month in the second quarter of 2018. Deliveries in the third quarter were adversely affected by delays in the supply chain. **We continue to plan to increase the production rate to 57 per month in 2019.**

* * *

Additional Considerations

* * *

Factors that could result in lower margins . . . include the following . . . **performance or reliability issues involving completed aircraft . . .**

22. The same day, Defendants held a conference call with investors. During the call, Muilenburg stated:

The 737 program continues to make good progress on its recovery plans to overcome supply chain challenges with 61 aircraft delivered in September, an improvement from July and August. In the third quarter we delivered 138 737s. We expect to recover the 737 line by the end of the year with fourth quarter deliveries expected to be above the production rate. The MAX production ramp-up continues. To-date we have delivered 219 MAXs, 57 of them in the quarter. We continue to expect MAX to account for between 40% and 45% of total 737 deliveries in 2018.

* * *

In the commercial airplane market, airline profitability remains strong and passenger traffic continues to outpace global GDP. Passenger traffic in 2018 grew 6.8% through August. Meanwhile, cargo traffic maintained its upward momentum, growing by 4% in 2018 through August. **Our global customers continue to recognize the compelling value proposition that our new, more fuel-efficient product family brings to the market as reflected in the healthy new order intake we've seen year-to-date.**

* * *

Over the long-term, we remain highly confident in our commercial market outlook which forecasts demand for nearly 43,000 new airplanes over the next 20 years. These deliveries, of which 44% will be driven by replacement demand, will double the size of the global fleet. **This long-term demand, combined with healthy market conditions and a robust backlog provides a solid foundation for our planned production rates.**

Turning to our product segments, starting with the narrow-body. **Our current production rate of 52 per month and planned increase to 57 in 2019 is based on our backlog of nearly 4,700**

aircraft and a production skyline that is sold out into early next decade. We continue to assess the upward market pressure on the 737 production rate.

* * *

Our priorities going forward are to leverage our unique One Boeing advantages, continue building strength on strength to deliver and improve on our commitments and to stretch beyond those plans and sharpen and accelerate our pace of progress on key enterprise growth and productivity efforts.

Achieving these objectives will require a clear and consistent focus on the profitable ramp-up in Commercial Airplane production

23. Smith stated:

We're also updating our full year BCA and BDS segment operating margin guidance to reflect BCA's strong performance and investments in T-X and MQ-25 this quarter. **BCA margin guidance is increased to now be between 12% and 12.5% from our prior guidance of greater than 11.5%, again reflecting strong performance** and timing of some period expenses.

24. During the call an analyst questioned Defendants' increased BCA margin guidance. Muilenburg responded:

You do see the progress in our margin performance and as we said, we're very intent and focused on that, and strong performance by our Commercial Airplane team in the quarter. **There are a number of items behind that, but it reflects the overall drive on productivity and performance across our product lines and the investments we're making there are showing results**, and we laid in a long-term plan to make this a mid-teens margin business. We are making great progress on that journey and we remain very committed to that

25. Smith responded in part:

Well, I'm going to give you the facts **In particular, 737 delivery profile, so that recovery plan is something that we're focused on daily, and in particular, around our engine recovery** and so we're taking that into consideration as well

26. This news drove the price of Boeing shares up \$13.68, or about 5%, during the two trading days ended October 25, 2018.

27. On October 29, 2018, shortly after takeoff, Lion Air Flight 610 crashed, killing all aboard. The airplane was a Boeing 737 MAX jet.

28. In a press release dated November 28, 2018, Boeing posted a detailed response to the interim report released by Indonesia's National Transportation Safety Committee (NTSC) concerning the causes of the crash. While largely simply reiterating the report as to the pilots actions and maintenance, Boeing remained silent except to say:

Safety is a core value for everyone at Boeing and the safety of our airplanes, our customers' passengers and their crews is always our top priority. *As our customers and their passengers continue to fly the 737 MAX to hundreds of destinations around the world every day, they have our assurance that the 737 MAX is as safe as any airplane that has ever flown the skies.*

Boeing appreciates Indonesia's National Transportation Safety Committee (NTSC) for its ongoing efforts to investigate the causes of the accident. Boeing is taking every measure to fully understand all aspects of this accident, working closely with the U.S. National Transportation Safety Board as technical advisors to support the NTSC as the investigation continues.

29. On December 17, 2018, Defendants issued a press release announcing dividend and share repurchase increases. Muilenburg stated, "Boeing's strong operational performance, financial health and positive future outlook underpin our continued investments in our people and our workplace, in innovative products and services, and in select strategic acquisitions and partnerships that accelerate our growth strategy." Smith stated "[t]he strength of our business and confidence in the sustainable long-term outlook are powering investments in productivity, innovation and growth, while delivering on our commitment to return cash to shareholders."

30. This news drove the price of Boeing shares up \$11.93, or up about 3.8%, on December 18, 2018.

B. Defendants' False and Misleading Statements During the Class Period

31. On January 8, 2019, Defendants issued a press release entitled, "Boeing Sets New Airplane Delivery Records, Expands Order Backlog, Delivered 806 commercial jets in 2018 with record-setting fourth quarter, Won nearly 900 net orders valued at \$143.7 billion after finalizing more than 200 orders in December, 737 MAX family **surpassed** 5,000 orders; 777 family exceeded 2,000 orders." The press release stated, among other things:

SEATTLE, Jan. 8, 2019 /PRNewswire/ – Boeing (NYSE: BA) delivered 69 737 airplanes in December and set a new annual record of 806 deliveries in 2018, surpassing its previous record of 763 deliveries in 2017. Even as Boeing delivered more jetliners, the company again grew its significant order book with 893 net orders, including 203 airplane sales in December.

"Boeing raised the bar again in 2018 thanks to our teammates' incredible focus on meeting customer commitments, and continuously improving quality and productivity," said Boeing Commercial Airplanes President & CEO Kevin McAllister. "In a dynamic year, our production discipline and our supplier partners helped us build and deliver more airplanes than ever before to satisfy the strong demand for air travel across the globe."

With a seven-year order backlog, Boeing increased production of the popular 737 in the middle of 2018 to 52 airplanes per month. Nearly half of the year's 580 737 deliveries were from the more fuel-efficient and longer-range MAX family, including the first MAX 9 airplanes.

The 737 MAX family also achieved a major sales milestone in December, surpassing 5,000 net orders with 181 new sales during December. For the full year, the 737 program achieved 675 net orders, including sales to 13 new customers.

"We are honored that customers around the world continued to vote for the unmatched capabilities of Boeing's airplane and services portfolio. **In addition to the ongoing demand for the 737 MAX,** we saw strong sales for every one of our twin-aisle airplanes in a ringing endorsement of their market-leading performance and efficiency," said Ihssane Mounir, senior vice president of Commercial Sales & Marketing for The Boeing Company.

“More broadly, another year of healthy jet orders continues to support our long-term forecast for robust global demand that will see the commercial airplane fleet double in 20 years,” said Mounir.

A detailed report of 2018 commercial airplane orders and deliveries is available on Boeing’s Orders and Deliveries website. A video of features other major Commercial Airplanes milestones from 2018.

32. This news drove the price of Boeing shares up from \$328.11 to \$340.53 or \$12.42, and about 3.8% that day.

33. On January 14, 2019, Defendants issued a press release entitled, “Boeing statement on the recovery of the Cockpit Voice Recorder for Lion Air Flight 610.” The press release stated, among other thing:

Boeing appreciates the hard work of the investigation team to locate the cockpit voice recorder (CVR) of Lion Air Flight 610.

The CVR records radio transmissions and sounds in the cockpit, such as the pilots’ voices, audible alerts and aircraft/engine noise.

Boeing is taking every measure to fully support this investigation. As the investigation continues, Boeing is working closely with the U.S. National Transportation Safety Board as a technical advisor to support Indonesia’s National Transportation Safety Committee (NTSC).

In accordance with international protocol, all inquiries about the ongoing accident investigation must be directed to the NTSC.

34. On January 16, 2019, Defendants issued a press release entitled, “Boeing, United Airlines Announce Repeat Orders for 737 MAX and 777.” The press release stated, among other things:

SEATTLE, WA Jan 16, 2019 – Boeing [NYSE: BA] and United Airlines [NASDAQ: UAL] **announced the carrier ordered 24 additional 737 MAX jets** and four more 777-300ER (Extended Range) airplanes last year. The \$4.5 billion order, according to list prices, was booked as unidentified on Boeing’s Orders & Deliveries website.

The Chicago-based airline has steadily placed new orders for the two Boeing jets to serve its large domestic and international network. **United Airlines is among the more than 100 customers who have made the 737 MAX the fastest-selling airplane in Boeing history, receiving more than 5,000 orders since the program's launch.**

“United Airlines has been **instrumental to the phenomenal success of the Boeing 737** and 777 programs over the years. We are honored by United’s continued confidence in our people and our airplanes and services,” said Ihssane Mounir, senior vice president of Commercial Sales & Marketing for The Boeing Company. “We are proud to again extend our long-standing partnership with United Airlines with these latest orders.”

The MAX builds on the 737’s industry-leading performance and reliability by offering operators more range and 14-percent better fuel efficiency compared to today’s airplanes and 20 percent more than the airplanes it replaces. **The MAX achieves the improved performance thanks to the CFM International LEAP-1B engines, Advanced Technology winglets, and other airframe enhancements.**

35. On January 30, 2019, Defendants issued a press release entitled, “Boeing Reports Record 2018 Results and Provides 2019 Guidance.” The press release stated, among other things:

CHICAGO, Jan. 30, 2019 /PRNewswire/ –

Fourth Quarter 2018

Record revenue of \$28.3 billion and record operating profit of \$4.2 billion driven by higher volume

Record GAAP EPS of \$5.93 and record core EPS (non-GAAP)* of \$5.48 on strong performance

Full-Year 2018

Record revenue of \$101.1 billion reflecting strong growth across the portfolio

Record GAAP EPS of \$17.85 and record core EPS (non-GAAP)* of \$16.01 driven by solid execution

Record operating cash flow of \$15.3 billion; repurchased 26.1 million shares for \$9.0 billion

Total backlog remains robust at \$490 billion, including nearly 5,900 commercial airplanes

Cash and marketable securities of \$8.6 billion provide strong liquidity

Outlook for 2019

Revenue guidance of between \$109.5 and \$111.5 billion reflects higher volume across all businesses

GAAP EPS of between \$21.90 and \$22.10; core EPS (non-GAAP)* of between \$19.90 and \$20.10

Operating cash flow expected to increase to between \$17.0 and \$17.5 billion

The Boeing Company [NYSE: BA] reported fourth-quarter revenue of \$28.3 billion, GAAP earnings per share of \$5.93 and core earnings per share (non-GAAP)* of \$5.48, all company records. These results reflect record commercial deliveries, higher defense and services volume and strong performance which outweighed favorable tax impacts recorded in the fourth quarter of 2017 (Table 1). Boeing generated operating cash flow of \$2.9 billion, repurchased 1.6 million shares for \$0.6 billion, paid \$1.0 billion of dividends and completed the acquisition of KLX.

Revenue was a record \$101.1 billion for the full year reflecting higher commercial deliveries and increased volume across the company. Records for GAAP earnings per share of \$17.85 and core earnings per share (non-GAAP)* of \$16.01 were driven by higher volume, improved mix and solid execution.

“Across the enterprise our team delivered strong core operating performance and customer focus, driving record revenues, earnings and cash flow and further extending our global aerospace industry leadership in 2018,” said Boeing Chairman, President and Chief Executive Officer Dennis Muilenburg. “Our financial performance provided a firm platform to further invest in new growth businesses, innovation and future franchise programs, as well as in our people and enabling technologies. In the last 5 years, we have invested nearly \$35 billion in key strategic areas of our business, all while increasing cash returns to shareholders.”

Our One Boeing focus, clear strategies for growth, and leading positions in large and growing markets, give us confidence for continued strong performance, revenue expansion and solid execution across all three businesses, which is reflected in our 2019 guidance.

We remain focused on executing on our production and development programs as well as our growth strategy while driving further productivity, **quality and safety improvements**, investing in our team and creating more value and opportunity for our customers, shareholders and employees.

During the quarter, Commercial Airplanes delivered 238 airplanes, including the delivery of the 787th 787 Dreamliner and the first 737 MAX Boeing Business Jet. **The 737 program delivered 111 MAX airplanes in the fourth quarter, including the first MAX delivery from the China Completion Center, and delivered 256 MAX airplanes in 2018.**

36. This news drove the price of Boeing shares up from \$364.91- 387.72 or \$22.81, and about 6.25% that day.

37. On February 8, 2019, Defendants filed Boeing's FY 2018 annual report on Form 10-K. Muilenburg and Smith certified the annual report did not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances which such statements were made, not misleading. Within it, Defendants stated, among other things:

We are focused on improving our processes and continuing cost reduction efforts.

We intend to continue to compete with other airplane manufacturers by **providing customers with greater value products.**

In the U.S., **our commercial aircraft products are required to comply with FAA regulations governing production and quality systems, airworthiness** and installation approvals, repair procedures and continuing **operational safety**. Outside the U.S., similar requirements exist for airworthiness, installation and operational approvals. These requirements are generally

administered by the national aviation authorities of each country and, in the case of Europe, coordinated by the European Joint Aviation Authorities.

We focus on producing the products and providing the services that the market demands, and continue to find new ways to improve efficiency and quality to provide a fair return for our shareholders. BCA is committed to being the leader in commercial aviation by **offering airplanes and services that deliver superior design**, efficiency and value to customers around the world.

38. On February 20, 2019, Muilenburg participated in the Barclays Industrial Select Conference. There, he discussed the 737 MAX in part as follows:

If you take a look at our guidance for 2019, you'll see reflects that expectation's strong, continued top and bottom line growth. If we take a look at sort of the quarterly profile for this year, we expect first quarter to be the lightest quarter of the year as it always is from a seasonality standpoint.

So you'll see that as the lowest revenue, lowest delivery quarter of the year. We expect to see about 20% of our annual earnings in the first quarter and probably about 10% to 15% of our annual cash flow in the first quarter, just to give you a sense of the profile. **And then the other key thing to keep an eye on is our Boeing 737 MAX deliveries. We're continuing to ramp up**, we're making progress on our recent supply chain challenges. We are still planning to move that line from 52 a month to 57 a month this year.

But again in the first quarter, you'll see that Boeing 737 MAX deliveries will be back loaded in the quarter, some of that's normal seasonality, some weather challenges early in the year and it also reflects our supply chain recovery plans.

All of that said, **we do expect Boeing 737 MAX to continue to ramp up successfully** and overall commercial deliveries this year, going from 806 deliveries last year to as we guided roughly 900 commercial airplane deliveries this year. So, all of that is fueling top and bottom line growth.

39. This news drove the price of Boeing shares up \$5.29, or about 1.3% that day.

40. On February 27, 2019, Defendants issued a press release entitled, "Boeing, Vietjet Announce Order for 100 737 MAX Airplanes." The press release stated, among other things:

HANOI, Vietnam, Feb. 27, 2019 /PRNewswire/ – **Boeing [NYSE: BA] and Vietjet [HOSE: VJC] confirmed that the innovative and growing Vietnamese carrier has purchased 100 additional 737 MAX airplanes, taking their MAX order book to 200 jets.** During a signing ceremony today in Hanoi, United States President Donald Trump and Vietnamese Communist Party General Secretary and President Nguyen Phu Trong joined leaders of both companies to unveil the \$12.7 billion order, according to list prices.

The deal includes 20 MAX 8s and 80 of the new, larger MAX 10 variant, which will have the lowest seat-mile costs for a single-aisle airplane and be the most profitable jet in its market segment. The order was previously unidentified on Boeing's Orders & Deliveries website.

In ordering 80 MAX 10s, Vietjet becomes the largest Asian customer of the airplane type. The carrier plans to use the added capacity to meet growing demand across Vietnam, as well as to serve popular destinations throughout Asia.

“The deal for 200 Boeing 737 MAX airplanes today is an important move for us to keep up with our international flight network expansion plan with a higher capacity, thus offering our passengers with more exciting experiences when being able to fly to more new international destinations,” said Madam Nguyễn Thị Phương Thảo, President and CEO of Vietjet. “I believe that our fleet will have breakthroughs thanks to new-generation technologies, which helps improve flight quality and enhance operational reliability, while reducing operating costs in the future. Passengers will then have more opportunities to fly with reasonable fares. The contract signing ceremony, which is witnessed by the top leaders of Vietnam and the US on the occasion of the US-North Korea Summit in Hanoi, will mark a milestone in the two companies' growth path.”

Vietjet placed its first order for 100 737 MAX airplanes in 2016, which set the mark for the largest commercial jet purchase in Vietnam's aviation sector at the time.

“We are pleased to expand our partnership with Vietjet and to support their impressive growth with new, advanced airplanes such as the 737 MAX. We are confident the MAX will help Vietjet grow more efficiently and provide great travel experiences for their passengers,” said Boeing Commercial Airplanes President & CEO Kevin McAllister. “The economic expansion in Hanoi and across Vietnam is impressive. Vietjet and the country's burgeoning aviation sector are clearly enablers,

helping to stimulate travel within Vietnam and connecting Vietnam with the rest of Asia. We are proud to support this economic development, which in turn supports engineering and manufacturing jobs in the United States.”

In addition to airplane purchases, Boeing will partner with Vietjet to enhance technical and engineering expertise, train pilots and technicians, and improve management capabilities at the airline and in Vietnam.

The carrier also uses Boeing's digital solutions to optimize its operations, including flight planning & Tech Log Book.

About the 737 MAX

The 737 MAX family is powered by CFM International LEAP-1B engines, and includes design updates such as Boeing's Advanced Technology winglet that reduces drag and further optimizes the 737 MAX performance, especially on longer-range missions. Together, these improvements reduce fuel use and CO2 emissions by at least 14 percent compared to today's Next-Generation 737s – and by 20 percent more than the single-aisle airplanes they replace.

The 737 MAX 10 is the largest variant in the family. At 43.8 meters (143 feet 8 inches) long, the airplane can seat a maximum of 230 passengers and offer airlines the lowest seat-mile costs in the single-aisle market.

The 737 MAX is the fastest-selling airplane in Boeing history with about 5,000 orders from more than 100 customers worldwide. For more information, visit www.boeing.com/commercial/737max.

41. The statements in paragraphs 31 - 40 above were materially false and misleading and/or omitted information a reasonable investor would consider important and/or lacked a reasonable basis because, contrary to such statements, Defendants knew and concealed the fact that (1) the 737 MAX airplanes were in fact so less safe than previous models that they included undisclosed “hacks” in an attempt to overcome these safety concerns created by engineering compromises, lacked safety features which Boeing sold as “optional” add-ons which were designed to help address these safety concerns, (2) that most airlines did not purchase these

safety “options”, and (3) that the FAA handed oversight and certification of Boeing’s MCAS to Boeing, which had a clear conflict of interest as it was rushing the 737 MAX to market.

C. The Truth Begins to Emerge

42. On March 10, 2019, a Boeing 747 MAX again crashed. Ethiopian Airlines Flight 302 went down a few minutes after takeoff with 157 passengers and crew on board. The next day, Ethiopian Airlines grounded its 737 MAX 8. Similarly, the China Civil Aviation Administration grounded the 737 MAX 8. This news drove the price of Boeing shares down \$47.13, or down about 11.2%, during the two trading days ended March 12, 2019.

43. Since then, the 737 MAX series aircraft has grounded by every country and no longer are permitted to fly. In addition, the U.S. Department of Transportation Office of Inspector General, the U.S. Department of Justice, and the FBI reportedly opened investigations into the FAA certification process and into safety-review processes.

44. On March 17, 2019, *The Seattle Times* released an investigative report revealing in part (a) “the original safety analysis that Boeing delivered to the FAA for a new flight control system on the MAX had several crucial flaws,” (b) “the FAA . . . has over the years delegated increasing authority to Boeing to take on more of the work certifying the safety of its own airplanes,” and (c) “the System Safety Analysis on MCAS, just one piece of the mountain of documents needed for certification, was delegated to Boeing.” The report also revealed:

Current and former engineers directly involved with the evaluations or familiar with the document shared details of Boeing’s “System Safety Analysis” of MCAS, which *The Seattle Times* confirmed.

The safety analysis:

- Understated the power of the new flight control system, which was designed to swivel the horizontal tail to push the nose of the plane down to avert a stall. When the planes later entered service, MCAS was capable of moving the tail more

than four times farther than was stated in the initial safety analysis document.

- Failed to account for how the system could reset itself each time a pilot responded, thereby missing the potential impact of the system repeatedly pushing the airplane's nose downward.
- Assessed a failure of the system as one level below "catastrophic." But even that "hazardous" danger level should have precluded activation of the system based on input from a single sensor – and yet that's how it was designed.

Both Boeing and the FAA were informed of the specifics of this story and were asked for responses 11 days ago, before the second crash of a 737 MAX on March 10.

45. On March 18, 2019, *Bloomberg* reported U.S. federal authorities began exploring a criminal investigation of how Boeing's 737 MAX was certified to fly passengers before the Ethiopian crash.

46. Following *The Seattle Times* and *Bloomberg* reports, the price of Boeing shares fell \$6.71 on March 18, 2019.

47. On March 21, 2019, *The New York Times* reported in an article entitled, "Doomed Boeing Jets Lacked 2 Safety Features That Company Sold Only as Extras", that Boeing has hidden from investors, pilots and passengers, that because of the safety compromised, Boeing created two new safety features that it sold as "extras" or "optional features" to keep cost down. The article states in part:

As the pilots of the doomed Boeing jets in Ethiopia and Indonesia fought to control their planes, **they lacked two notable safety features in their cockpits.**

One reason: **Boeing charged extra for them.**

For Boeing and other aircraft manufacturers, the practice of charging to upgrade a standard plane can be lucrative. Top airlines

around the world must pay handsomely to have the jets they order fitted with customized add-ons.

Sometimes these optional features involve aesthetics or comfort, like premium seating, fancy lighting or extra bathrooms. But other features involve communication, navigation or safety systems, and are more fundamental to the plane's operations.

* * *

Now, in the wake of the two deadly crashes involving the same jet model, Boeing will make one of those safety features standard as part of a fix to get the planes in the air again.

It is not yet known what caused the crashes of Ethiopian Airlines Flight 302 on March 10 and Lion Air Flight 610 five months earlier, both after erratic takeoffs. But investigators are looking at whether a new software system added to avoid stalls in Boeing's 737 Max series may have been partly to blame. Faulty data from sensors on the Lion Air plane may have caused the system, known as MCAS, to malfunction, authorities investigating that crash suspect . . .

"They're critical, and cost almost nothing for the airlines to install," said Bjorn Fehrm, an analyst at the aviation consultancy Leeham. "Boeing charges for them because it can. But they're vital for safety."

Both Boeing and its airline customers have taken pains to keep these options, and prices, out of the public eye. Airlines frequently redact details of the features they opt to pay for — or exclude — from their filings with financial regulators. **Boeing declined to disclose the full menu of safety features it offers as options on the 737 Max, or how much they cost.**

48. This news drove the price of Boeing shares down \$10.53, or down about 3%, on March 22, 2019.

V. CLASS ACTION ALLEGATIONS

49. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of a class of persons and entities who purchased or otherwise acquired Boeing securities between January 8, 2019 and March 21, 2019 inclusive (the “Class”). Excluded from the Class are Defendants, directors and officers of the Company, as well as their families and affiliates.

50. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Boeing securities were actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained or controlled by Boeing or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

51. There is a well-defined community of interest in the questions of law and fact involved in this case. Questions of law and fact common to the members of the Class which predominate over questions which may affect individual Class members include:

- a. Whether the Defendants violated the Exchange Act;
- b. Whether Defendants’ statements omitted material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;
- c. Whether Defendants knew or recklessly disregarded that their statements were false and misleading;
- d. Whether the price of the Company’s securities was artificially inflated;
and

- e. The extent of damage sustained by Class members and the appropriate measure of damages.

52. Plaintiff's claims are typical of those of the Class because Plaintiff and the Class sustained damages from Defendants' wrongful conduct alleged herein.

53. Plaintiff will adequately protect the interests of the Class and has retained experienced counsel. Plaintiff has no interests that conflict with those of the Class.

54. A class action is superior to other available methods for the fair and efficient adjudication of this controversy. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation makes it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

VI. LOSS CAUSATION

55. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class.

56. Throughout the Class Period, the market price of Boeing securities was inflated by the material omissions and false and misleading statements made by the Company, Muilenburg, and Smith, which were widely disseminated to the securities markets, investment analysts and the investing public. The false and misleading statements materially misrepresented to the market the Company's core operation and caused Boeing securities to trade in excess of their true value.

57. As a result, Plaintiff purchased Boeing securities at artificially inflated prices. When the partial truth about Boeing's core operation was revealed to the market, the price of its shares declined in response, as the artificial inflation caused by Defendants' misrepresentations

and omissions was partially removed from the price of Boeing shares, thereby causing substantial damages to Plaintiff and the Class.

**VII. APPLICABILITY OF PRESUMPTION OF RELIANCE:
FRAUD ON THE MARKET DOCTRINE**

58. At all relevant times, the market for Boeing shares was an efficient market for the following reasons:

- a. Boeing shares met the requirements for listing and was listed and actively traded on the NYSE, a highly efficient and automated market;
- b. As a regulated issuer, Boeing filed periodic public reports with the SEC and the NYSE;
- c. Boeing regularly communicated with public investors via established market communication mechanisms, including regular disseminations of press releases on the national circuits of major newswire services and other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and
- d. Boeing was followed by several securities analysts employed by major brokerage firms who wrote reports, which were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

59. As a result of the foregoing, the market for Boeing shares promptly digested current information regarding Boeing from all publicly available sources and reflected such information in the prices of the shares. Under these circumstances, all purchasers of Boeing shares during the Class Period suffered similar injury through their purchases at artificially inflated prices and/or purchases of options tied to the artificially inflated price and a presumption of reliance applies.

VIII. NO SAFE HARBOR

60. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. Many of the specific statements pleaded herein were not identified as “forward-looking

statements” when made. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements were made because at the time each of those forward-looking statements were made, the particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of Boeing who knew that those statements were false when made.

IX. ADDITIONAL SCIENTER ALLEGATIONS

61. Plaintiff repeats and realleges each and every paragraph contained above as if set forth herein.

62. Muilenburg and Smith acted with scienter with respect to the materially false and misleading statements and omissions of material facts set forth above because they knew, or at the very least, recklessly disregarded that those statements were materially false or misleading when made. As senior executives of Boeing, their scienter is imputed to Boeing.

63. As alleged herein:

- a. Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading;
- b. Defendants knew that such statements or documents would be issued or disseminated to the investing public;
- c. Defendants knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws; and
- d. Defendants, by virtue of their receipt of information reflecting the true facts regarding Boeing, their control over, and/or receipt and/or

modifications of Boeing's allegedly materially misleading statements and/or their associations with the Company, which made them privy to confidential proprietary information concerning Boeing, participated in the fraudulent scheme alleged herein.

X. CAUSES OF ACTION

COUNT I

**VIOLATION OF SECTION 10(B) OF THE EXCHANGE ACT AND
RULE 10B-5 PROMULGATED THEREUNDER
(AGAINST ALL DEFENDANTS)**

64. Plaintiff repeats and realleges all paragraphs above as if fully set forth herein.

65. By reason of the conduct described above, Boeing, Muilenburg and Smith, in connection with the purchase or sale of a security, by the use of means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange, directly or indirectly:

- a. Used or employed devices, schemes, or artifices to defraud;
- b. Made an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and
- c. Engaged in acts, practices, or courses of business, which operated or would operate as a fraud or deceit upon other persons, in violation of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

66. While engaging in the conduct described above, Boeing, Muilenburg and Smith acted knowingly or recklessly.

67. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for Boeing shares. Plaintiff and the Class would not have purchased Boeing shares at the prices they paid, or at all, if they had known that the market prices were artificially and falsely inflated by Defendants' misleading statements.

68. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their purchases of Boeing shares during the Class Period.

COUNT II

VIOLATION OF SECTION 20(A) OF THE EXCHANGE ACT (AGAINST MUILENBURG AND SMITH)

69. Plaintiff repeats and realleges each and every paragraph contained above as if set forth herein.

70. Muilenburg and Smith acted as controlling persons of the Company within the meaning of Section 20(a) of the Exchange Act as alleged herein. By reason of their positions as senior executives and/or directors of Boeing, they had the power and authority to cause the Company to engage in the wrongful conduct complained of herein. By reason of such conduct, Muilenburg and Smith are liable pursuant to Section 20(a) of the Exchange Act.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

Determining that this action is a proper class action, designating Plaintiff as Lead Plaintiff and certifying Lead Plaintiff as Class representative under Rule 23 of the Federal Rules of Civil Procedure and Lead Plaintiff's counsel as Lead Counsel;

Awarding compensatory damages in favor of Plaintiff and the other Class members against all Defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

DATED: April 9, 2019

HAGENS BERMAN SOBOL SHAPIRO LLP

By /s/ Elizabeth A. Fegan
Elizabeth A. Fegan
HAGENS BERMAN SOBOL SHAPIRO LLP
455 N. Cityfront Plaza Drive, Suite 2410
Chicago, IL 60611
Telephone: (708) 628-4949
Facsimile: (708) 628-4950
beth@hbsslaw.com

Reed R. Kathrein
Danielle Smith
HAGENS BERMAN SOBOL SHAPIRO LLP
715 Hearst Avenue, Suite 202
Berkeley, CA 94710
Telephone: (510) 725-3000
Facsimile: (510) 725-3001
reed@hbsslaw.com
danielles@hbsslaw.com

Steve W. Berman
HAGENS BERMAN SOBOL SHAPIRO LLP
1301 Second Avenue, Suite 2000
Seattle, WA 98101
Telephone: (206) 623-7292
Facsimile: (206) 623-0594
steve@hbsslaw.com

Counsel for Plaintiff Richard Seeks

CERTIFICATION OF RICHARD SEEKS
PURSUANT TO FEDERAL SECURITIES LAW

Richard Seeks ("Plaintiff") declares as to the claims asserted under the federal securities laws, that:

1. Plaintiff has reviewed a complaint alleging securities fraud against The Boeing Company and various of its officers and directors, and authorized its filing.
2. Plaintiff did not acquire the security that is the subject of this action at the direction of Plaintiff's counsel in order to participate in this private action or any other litigation under the federal securities law.
3. Plaintiff is willing to serve as a representative party on behalf of the class, including providing testimony at deposition and trial, if necessary.
4. Plaintiff has made no transaction(s) during the Class Period in the debt or equity securities that are the subject of this action except those set forth below:

Acquisitions	Date Acquired	No. Shares Acquired	Acquisition Price Per Share
BA	March 5, 2019	200	431.4377
	March 7, 2019	100	418.3892
Sales	Date Sold	No. Shares Sold	Selling Price Per Share
BA	March 26, 2019	200	371.3163
	April 4, 2019	100	396.56

5. During the three years prior to the date of this Certificate, Plaintiff has not sought to serve or served as a representative party for a class in the following actions filed under the federal securities laws except as detailed below: None

6. Plaintiff will not accept any payment for serving as a representative party on behalf of the class beyond the Plaintiffs' pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the class as ordered or approved by the court.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this 26th day of March, 2019.

By:

DocuSigned by:
Richard Seeks
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(Signature of Representative Plaintiff)

Name (print): Richard Seeks